

Message Text

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ACTION ARA-17

INFO OCT-01 ADP-00 AID-20 EB-11 NSC-10 RSC-01 CIEP-02

TRSE-00 SS-15 STR-08 OMB-01 CEA-02 L-03 H-02 CIAE-00

COME-00 FRB-02 INR-10 NSAE-00 XMB-07 OPIC-12 LAB-06

SIL-01 PA-03 PRS-01 USIA-12 RSR-01 EUR-25 COA-02

INT-08 DODE-00 /183 W

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R 181705 Z APR 73

FM AMEMBASSY PORT AU PRINCE

TO SECSTATE WASHDC 6337

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E. O. 11652: N/A

TAGS: ETRD, EGEN, HA

SUBJECT: DISCUSSION OF INVESTMENT CLIMATE WITH FINANCE SECRETARY

REF: PORT AU PRINCE 0577

1. AMBASSADOR AND ECON OFFICER CALLED ON FINANCE SECRETARY FRANCISQUE APRIL 17, AT AMBASSADOR'S REQUEST, TO DISCUSS HAITIAN CLIMATE FOR U. S. PRIVATE INVESTMENT IN LIGHT OF RECENT GOH ACTIONS AGAINST CERTAIN PROJECTS, NOTABLY CANCELLATION OF CONTRACT WITH I. S. JOSEPH CO. (REFTEL). LENGTHY CONVERSATION WHICH ENSUED WAS LONG ON REASSURANCES BY FRANCISQUE REGARDING WELCOME ACCORDED U. S. INVESTORS, BUT SHORT ON FULLY ACCEPTABLE EXPLANATION OF CIRCUMSTANCES SURROUNDING RECENT PROBLEM AREAS.

2. FRANCISQUE PROPOUNDED THESIS THAT GOH HAS RIGHT TO CANCEL CONCESSIONS OR CONTRACTS IF IT IS DETERMINED THAT THEY ARE (A) IMMORAL IN THE LOCAL CONTEXT OR (B) DETRIMENTAL TO THE PUBLIC INTEREST. DURING NEARLY TWO HOURS OF DISCUSSION HE SEEMED TO LAY GREATEST EMPHASIS ON LATTER FACTOR, NOTING REPEATEDLY THAT QTE PUBLIC OPINION UNQTE TURNING AGAINST A GIVEN GOH- SANCTIONED CONTRACT REFLECTED ADVERSELY AND DIRECTLY ON THE GOVERNMENT, WHICH
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THEN IS OBLIGED TO BOW TO THIS CURRENT OF OPINION AS MEASURE OF SELF- PROTECTION. WHILE ALLEGING IRREGULARITIES IN NEGOTIATIONS OF OIL- SEED MONOPOLY AND CITING UNDESIRABLE FEATURES OF ERSTWHILE CONTRACT, PRESSURE OF PUBLIC OPINION WAS ONLY EXPLICIT RATIONALE OFFERED BY FRANCISQUE FOR ARBITRARY CANCELLATION OF I. S. JOSEPH PROJECT. HE REITERATED THAT COMPANY IS FREE TO SUBMIT REVISED PROPOSALS TO GOH INVESTMENT COMMITTEE.

3. ON THE OTHER HAND, FINANCE SECRETARY ADVANCED IDEA THAT HEMO CARIBBEAN ENTERPRISE WAS PRIMARILY QTE IMMORAL UNQTE IN HAITIAN EYES, ASIDE FROM BRINGING COUNTRY UNFAVORABLE PUBLICITY. HE ACKNOWLEDGED SUCH PLASMA OPERATIONS COULD WELL BE ACCEPTABLE IN OTHER PARTS OF WORLD, BUT NOT HAITI. DURING OUR INTERVIEW HE TELEPHONED PUBLIC HEALTH SECRETARY THEARD AND EVIDENTLY AGREED WITH LATTER TO PREPARE DEFINITIVE WRITTEN GOH POSITION ON REASONS CONCESSION WAS ANNULLED, INCLUDING TECHNICAL AND PROCEDURAL VIOLATIONS OF CONTRACT. AT ONE POINT FRANCISQUE STATED QTE IMMORALITY UNQTE OF CONCESSION WAS SUFFICIENT CAUSE ALONE FOR ANNULMENT.

4. DUPONT CARIBBEAN CAME IN FOR SOME ATTENTION. FRANCISQUE EXPRESSED TOTAL SKEPTICISM THAT DON PIERSON IS UNABLE TO OBTAIN HAITIAN LEGAL COUNSEL AND STATED GOH ABSOLUTELY IS NOT BRINGING PRESSURE ON LEGAL FRATERNITY TO STAY AWAY FROM CASE. HE OPINED THAT HAITIAN COURT WOULD APPOINT A LAWYER IF NECESSARY, BUT DID NOT SEEM TOO CERTAIN ON THAT POINT. REPEATED EFFORTS BY FRANCISQUE DURING INTERVIEW TO REACH CERTAIN GOH LEGAL AUTHORITIES WERE DEFEATED BY THE TELEPHONE SYSTEM. (NOTE: WE ARE INCLINED TO BELIEVE THAT HAITIAN LAWYERS ARE IN FACT AVAILABLE AND WILLING, ON A FEE BASIS, TO REPRESENT PIERSON' S INTERESTS, NOTWITHSTANDING HIS STATEMENT TO CONTRARY. REF: PORT- AU- PRINCE 0597).

5. OTHER PROJECTS WERE DISCUSSED. MARINE EXPLORATION' S PROPOSED CONCESSION (REFTEL) INVOLVED BRIBE TO UNINFLUENTIAL MEMBER OF SECRET POLICE, ACCORDING FRANCISQUE, AND ATTEMPT TO FORCE CONTRACT DOWN THROAT OF GOH. FRANCISQUE WAS HAVING NONE OF THIS, HOWEVER, AND MATTER IS IN ABEYANCE. INTERNATIONAL HOMES, INC. CONTRACT FOR DEVELOPMENT OF NEW PORT- AU- PRINCE IS IN DANGER OF CANCELLATION FOR NONPERFORMANCE. FRENCH CONCESSION TO GONAVE ISLAND, DATING FROM 1970, IS TO BE ANNULLED FOR SAME REASON. (NOTE: WE THOUGHT THIS CONTRACT HAD LONG SINCE LAPSED.) FRANCISQUE RAISED WARNING ON OPERATING PROBLEMS FOR HAMPCO,

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U. S.- OWNED MEAT PACKING PLANT, IF IT DOES NOT IMPLEMENT
CONTRACTUAL OBLIGATION TO DEVELOP HERDS.

6. UPSHOT OF ALL THIS, PARAPHRASING FRANCISQUE, WAS THAT HAITI
ACTIVELY WELCOMES FOREIGN PRIVATE INVESTMENT, ESPECIALLY U. S.,
NOTING MANY FIRMS HAVE OPERATED HERE WITHOUT PROBLEMS FOR UP TO
HALF A CENTURY. PROBLEMS COME WHEN CONTRACTS ARE SIGNED UNDER
IMPROPER CIRCUMSTANCES AND LEGITIMATE INTERESTS OF HAITIAN NATION
ARE NOT SAFEGUARDED.

7. COMMENT: CLEARLY AND COGENTLY OR NOT, FRANCISQUE SEEMS TO BE
SPEAKING FOR GOH ON INVESTMENT MATTERS THESE DAYS. HE IS
CURRENTLY PERHAPS MOST
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